

REPORT OF THE COMMITTEE ON PLANNING

Voting Members:

Ikaika Anderson, Chair; Heidi Tsuneyoshi, Vice-Chair;
Michael Formby, Carol Fukunaga, Joey Manahan, Kymberly Marcos Pine

Committee Meeting Held
March 18, 2019

Honorable Ann H. Kobayashi
Interim Chair, City Council
City and County of Honolulu

Madam Chair:

Your Committee on Planning, to which was referred Bill 85 (2018) entitled:

"A BILL FOR AN ORDINANCE RELATING TO VACATION RENTALS,"

introduced on November 15, 2018, which passed First Reading at the December 5, 2018 Council meeting, reports as follows:

The purpose of Bill 85 (2018) is to amend the Land Use Ordinance ("LUO"), Chapter 21, Revised Ordinances of Honolulu 1990, to further regulate vacation rentals. The Council initiated this LUO amendment proposal pursuant to Resolution 17-52, CD1.

Your Committee finds that the Planning Commission, after public hearings held on September 5 and 19, 2018, at which oral and written public testimony was received on the proposed LUO amendment, voted not to recommend approval of the proposal in concurrence with the recommendation of the Department of Planning and Permitting ("DPP") in the Attachment to Mayor's Message 152 (2018).

At your Committee's meeting on March 18, 2019, your Committee considered Bill 85 (2018) and Bill 89 (2018) together. Bill 89 (2019) is the DPP's proposed alternative short-term rental proposal.

CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON

APR 17 2019

COMMITTEE REPORT NO. **68**

REPORT OF THE COMMITTEE ON PLANNING

Voting Members:

Ikaika Anderson, Chair; Heidi Tsuneyoshi, Vice-Chair;
Michael Formby, Carol Fukunaga, Joey Manahan, Kymberly Marcos Pine

Committee Meeting Held
March 18, 2019
Page 2

Mayor Caldwell testified in support of the intent of both measures, noting that the regulation of short-term rentals has been a longstanding issue for the City. The Mayor offered comments on the need for fairness and balance, and highlighted critical issues that the Administration believes should be addressed.

The DPP Land Use Permits Division Chief testified in support of the intent of both measures, and stated that there appears to be agreement on many of the provisions in the proposals.

At your Committee's meeting on March 18, 2019, UNITE HERE Local 5, American Hotel and Lodging Association, Frazer-Frantz Family Hui, Hawaii Appleseed Center for law and Economic Justice, Hawaii Lodging and Tourism Association, Hawaii Tourism Association, Save Oahu's Neighborhoods, Hawaii Good Neighbor, and 13 individuals testified in support of the bill. Twelve individuals testified in opposition to the bill. Kobayashi Sugita Goda and four individuals offered comments on the bill.

Your Committee received written testimony in support of the bill from Lanikai Association, Hawaii's Thousand Friends, and 96 individuals. Written testimony in opposition to the bill was received from 14 individuals. Residents of Kapuai Place Sunset Beach North Shore, Hawaiian Airlines, and five individuals submitted comments on the bill.

Your Committee members expressed concerns regarding the expansion of short-term rentals into certain zoning districts, and the challenges associated with crafting fair rules for a lottery process to determine short-term rental registration priorities.

CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON _____

APR 17 2019

COMMITTEE REPORT NO. 68

REPORT OF THE COMMITTEE ON PLANNING

Voting Members:

Ikaika Anderson, Chair; Heidi Tsuneyoshi, Vice-Chair;
Michael Formby, Carol Fukunaga, Joey Manahan, Kymberly Marcos Pine

Committee Meeting Held
March 18, 2019
Page 3

Your Committee has prepared a CD1 version of Bill 85 (2018), which makes the following amendments:

- A. In SECTION 2 of the bill:
 - 1. Clarifies the writ of mandamus provisions in proposed new Section 21-2.150-2(e);
 - 2. Clarifies and moves to a new SECTION 5 the provisions in proposed new Section 21-2.150-2(f) relating to the use of fines recovered for violations of ordinances dealing with TVUs and B&Bs;
 - 3. Deletes the provision of proposed new Section 21-2.150-2(f) that purports to appropriate monies for the investigation and enforcement of the ordinances relating to TVUs and B&Bs; and
 - 4. Deletes proposed new Section 21-2.150-2(g) relating to records.
- B. Moves SECTION 3 of the bill relating to private enforcement to a new SECTION 4 of the bill.
- C. Adds new SECTIONS 3 and 6 of the bill, respectively, to:
 - 1. Add a new Section 21-2.150-3 to impose advertising requirements on B&B and TVU owners, operators, or proprietors by requiring that TVUs and B&Bs for which an NUC is required must list the NUC number and street address of the TVU or B&B in all advertisements, and advertisements for TVUs located in the Resort District, the Resort Mixed Use Precinct of the Waikiki

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON

APR 17 2019

COMMITTEE REPORT NO. **68**

REPORT OF THE COMMITTEE ON PLANNING

Voting Members:

Ikaika Anderson, Chair; Heidi Tsuneyoshi, Vice-Chair;
Michael Formby, Carol Fukunaga, Joey Manahan, Kymberly Marcos Pine

Committee Meeting Held
March 18, 2019
Page 4

Special District, or the A-2 Medium Density Apartment District pursuant to Section 21-5.640(a) must list the street address; and

2. Make conforming amendments to Table 21-3 ("Master Use Table").
- D. Amends and moves the hosting platform reporting provisions from original SECTION 4 of the bill to renumbered SECTION 11 of the bill.
- E. Adds new SECTIONS 7 and 8 to the bill, amending, respectively, Sections 21-4.110-1 and 21-4.110-2, the sections governing the TVUs and B&Bs currently operating under nonconforming use certificates, to update the language of the sections, and to make those TVUs and B&Bs subject to the advertising requirements in proposed new Section 21-2.150-3.
- F. Deletes the original SECTIONS 6 and 7 of the bill relating to the definitions of "transient vacation unit," "hosting platform," and "neighbor," and amends and moves relevant definitions to new Sections 21-2.150-3 and 41-____.1.
- G. Adds new SECTIONS 9 and 10 to the bill, amending, respectively, Section 21-5.640 and Table 21-9.6(A) to make TVUs located in the Resort District, Resort Mixed Use Precinct of the Waikiki Special District, or A-2 Medium Density Apartment Zoning District pursuant to Section 21-5.640 subject to the advertising requirements in proposed new Section 21-2.150-3.
- H. Adds a new SECTION 11 to the bill to add a new article to Chapter 41 to regulate hosting platforms.

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON **APR 17 2019**

COMMITTEE REPORT NO. **68**

REPORT OF THE COMMITTEE ON PLANNING

Voting Members:

Ikaika Anderson, Chair; Heidi Tsuneyoshi, Vice-Chair;
Michael Formby, Carol Fukunaga, Joey Manahan, Kymberly Marcos Pine

Committee Meeting Held
March 18, 2019
Page 5

- I. Adds a new uncodified SECTION 12 to the bill to require that the DPP, no later than six months after the effective date of the ordinance:
 1. Establish and implement specific procedures, including a public telephone hotline, by which the public may submit written or verbal complaints and investigation requests to the department regarding potential violations of applicable laws regarding B&Bs and TVUs;
 2. Establish and implement specific procedures by which the DPP investigates public complaints in a timely manner, efficiently obtains evidence pursuant to the investigations, and notifies the complaining parties of the status and results of the investigation; and
 3. Conduct community outreach to educate the public regarding the complaint and investigative process.
 - J. Adds a new uncodified SECTION 13 to the bill to require the DPP, no later than 10 days after receipt of the hosting platform monthly reports, provide to the Council a breakdown, by Council district, of the total number of B&B and TVU listings in the immediately prior month. Renumbers subsequent SECTIONS.
 - K. In renumbered SECTION 14 of the bill, conforms to the standard form of instructions to the Revisor of Ordinances, and adds a provision to instruct the Revisor of Ordinances to replace the phrase "effective date of this ordinance" or similar phrase used in the codified language of the ordinance with the actual date on which the ordinance takes effect.
 - L. Adds a severability clause as new SECTION 15 of the bill. Renumbers subsequent SECTIONS.
-

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON **APR 17 2019**

COMMITTEE REPORT NO. **68**

REPORT OF THE COMMITTEE ON PLANNING

Voting Members:

Ikaika Anderson, Chair; Heidi Tsuneyoshi, Vice-Chair;
Michael Formby, Carol Fukunaga, Joey Manahan, Kymberly Marcos Pine

Committee Meeting Held
March 18, 2019
Page 6

M. Makes miscellaneous and nonsubstantive amendments.

Your Committee believes that additional public testimony at the public hearing recommended herein to be scheduled on this bill will provide further assistance to your Committee and to the Council in their deliberations on this bill.

Your Committee on Planning recommends that Bill 85 (2018), as amended herein, pass Second Reading in the form attached hereto as Bill 85 (2018), CD1, be scheduled for public hearing, and be referred back to Committee. (Ayes: Anderson, Formby, Fukunaga, Manahan, Tsuneyoshi – 5; Noes: None; Excused: Pine - 1.)

Respectfully submitted,



Committee Chair

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON

APR 17 2019

COMMITTEE REPORT NO. **68**



A BILL FOR AN ORDINANCE

RELATING TO VACATION RENTALS.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose. The purpose of this ordinance is to amend the Land Use Ordinance to further regulate vacation rentals.

SECTION 2. Section 21-2.150-2, Revised Ordinances of Honolulu 1990 ("Administrative enforcement") is amended by adding a new subsection (e) to read as follows:

"(e) Writ of Mandamus. The owner or lessee of real property that is located, in whole or in part, within a 1,000-foot radius of real property on which a bed and breakfast home or transient vacation unit is located may bring an action in mandamus in the district court of the first circuit, State of Hawaii, to compel the director to issue and enforce an order as provided in this section when the existence of a violation is not reasonably controvertible."

SECTION 3. Chapter 21, Article 2, Revised Ordinances of Honolulu 1990, is amended by adding a new Section 21-2.150-3 to read as follows:

"Sec. 21-2.150-3 Advertisements for transient vacation units or bed and breakfast homes.

(a) Advertisements.

(1) Definitions. As used in this subsection:

"Advertisement" means any sign; banner; written, graphic, or pictorial statement; or broadcast in English or any other language, used to publicize or offer for accommodation any dwelling unit or lodging unit, or portion thereof, or any other permanent or temporary habitable space within the city as a bed and breakfast home or transient vacation unit.

"Person" means a judicial person or a natural person, and includes businesses, companies, associations, non-profit organizations, firms, partnerships, corporations, limited liability companies, and individuals.

(2) Prohibition. Advertisements for all bed and breakfast homes and transient vacation units are subject to this subsection.



A BILL FOR AN ORDINANCE

- (A) It is unlawful for any person to advertise or cause the advertisement of a bed and breakfast home or transient vacation unit without including in the advertisement:
- (1) A nonconforming use certificate number obtained pursuant to Section 21-4.110-1 or Section 21-4.110-2; or
 - (2) For transient vacation units located in the resort district, resort mixed use precinct of the Waikiki special district, or in the A-2 medium density apartment district pursuant to Section 21-5.640(a), the street address, including, if applicable, any apartment unit number.
- (B) Upon receipt of a notice of violation, the advertisement must be removed within seven days. If the advertisement is not removed within seven days, a fine will be levied for each day the advertisement is on public display, as provided in subdivision (4).
- (C) The existence of an advertisement will be prima facie evidence that a bed and breakfast home or a transient vacation unit is being operated at the listed address. The burden of proof is on the owner of the subject real property to establish that the property is not being used as a bed and breakfast home or transient vacation unit, or that the advertisement was placed without the property owner's knowledge or consent.
- (3) Exemptions. The following are exempt from the provisions of this subsection.
- (A) Legally established hotels, whether owned by one person, or owned individually as unit owners but operating as a hotel as defined in Chapter 21, Article 10.
 - (B) Legally established time-sharing units, as provided in Section 21-5.640.



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL **85 (2018), CD1**

A BILL FOR AN ORDINANCE

- (4) Penalties. Any person who violates any of the provisions of this subsection shall be fined not less than \$25,000.00 and not more than \$50,000.00 for each day that the advertisement is on public display beyond seven days from the date a notice of violation is received. Landowners, agents, or any other person associated with the property shall be liable for each violation, whether or not they are named in the advertisement.
- (b) Nothing in this subsection precludes the department from seeking any other remedy against a violator of this section."

SECTION 4. Chapter 21, Article 2, Revised Ordinances of Honolulu 1990, is amended by adding a new Section 21-2.150-4 to read as follows:

"A neighbor may institute a civil action in any court of competent jurisdiction against any person for violation of the provisions of this chapter pertaining to bed and breakfast homes and transient vacation units and shall be entitled to all remedies available under the law or in equity appropriate to remedy any such violation, including but not limited to a fine equal to the gross amount paid by a customer to rent a bed and breakfast home or transient vacation unit, which shall be doubled if the violation is shown to be willful. The department and the zoning board of appeals do not have special competence in or primary jurisdiction over such violations and the neighbor is not required to exhaust any administrative procedures before instituting action. If the neighbor is the prevailing party in any legal action taken pursuant to this section, the court shall award reasonable attorneys' fees and costs as part of the costs recoverable. Any fine which has not been satisfied in full within 90 days and has not been successfully challenged by a timely writ of mandate shall constitute a lien against the real property as to which the violation occurred and may be recorded; provided that no such lien shall be imposed if the owner of the property did not commit a violation of this chapter in connection with the rental and the owner establishes that all phases of the rental, including advertising, offer and exchange, took place without the owner's knowledge. Due to the special competence of the department in investigating and remedying violations of this chapter, no action under this section may be brought until six months after the neighbor has filed a complaint with the department against the person alleged to be in violation of the provisions of this chapter pertaining to bed and breakfast homes and transient vacation units."



A BILL FOR AN ORDINANCE

SECTION 7. Section 21-4.110-1, Revised Ordinances of Honolulu 1990, is amended to read as follows:

"Sec. 21-4.110-1 Nonconforming use certificates for transient vacation units.

(a) The purpose of this section is to ~~[treat]~~ permit certain transient vacation units ~~[which] that~~ have been in operation since prior to October 22, 1986, ~~[as nonconforming uses and to allow them]~~ to continue to operate as nonconforming uses subject to obtaining a nonconforming use certificate as provided by this section. This section applies to any owner, operator, or proprietor of a transient vacation unit who holds a valid nonconforming use certificate issued pursuant to this section on the effective date of this ordinance.

~~[(b) The owner, operator, or proprietor of any transient vacation unit which is operating in an area where such use is not expressly permitted by this chapter shall, within nine months of December 28, 1989, establish to the satisfaction of the director that the use was in existence prior to October 22, 1986 and has continued through December 28, 1989, or shall cease its operation. The owner, operator, or proprietor shall have the burden of proof in establishing that the use is nonconforming. Documentation substantiating existence may include records of occupancy or tax documents, such as State of Hawaii general excise tax records, transient accommodations tax records, and federal and/or State of Hawaii income tax returns, for the years 1986 to 1989. Upon a determination that the use was in existence prior to October 22, 1986 and has continued through December 28, 1989, the director shall issue a nonconforming use certificate for the transient vacation unit.~~

~~[(c) Failure to obtain a nonconforming use certificate within nine months of December 28, 1989 shall mean that the alleged nonconforming use, as of December 28, 1989, is not a bona fide nonconforming use, and shall not continue as a nonconforming use but shall be treated as an illegal use.]~~

~~[(d)]~~(b) The owner, operator, or proprietor of any transient vacation unit who has obtained a nonconforming use certificate under this section shall apply to renew the nonconforming use certificate in accordance with the following schedule:

- (1) between September 1, 2000 and October 15, 2000; then
- (2) between September 1 and October 15 of every even-numbered year thereafter.



A BILL FOR AN ORDINANCE

Each application to renew shall include proof that (i) there were in effect a State of Hawaii general excise tax license and transient accommodations tax license for the nonconforming use during each calendar year covered by the nonconforming use certificate being renewed and that there were transient occupancies (occupancies of less than 30 days apiece) for a total of at least 35 days during each such year and that (ii) there has been no period of 12 consecutive months during the period covered by the nonconforming use certificate being renewed without a transient occupancy. Failure to meet these conditions will result in the denial of the application for renewal of the nonconforming use certificate. The requirement for the 35 days of transient occupancies shall be effective on January 1, 1995 and shall apply to renewal applications submitted on or after January 1, 1996.

~~[(e)]~~(c) The owner, operator, or proprietor of any transient vacation unit who has obtained a nonconforming use certificate under this section shall display the certificate issued for the current year in a conspicuous place on the premises. In the event that a single address is associated with numerous nonconforming use certificates, a listing of all units at that address holding current certificates may be displayed in a conspicuous common area instead.

(d) Advertisements for transient vacation units operating under a nonconforming use certificate pursuant to this section are subject to Section 21-2.150-3."

SECTION 8. Section 21-4.110-2, Revised Ordinances of Honolulu 1990, is amended to read as follows:

"Sec. 21-4.110-2 Bed and breakfast homes--Nonconforming use certificates.

(a) The purpose of this section is to ~~[generally prohibit bed and breakfast homes, while permitting]~~ permit certain bed and breakfast homes ~~[which]~~ that have been in operation since prior to December 28, 1989, to continue to operate as nonconforming uses subject to obtaining a nonconforming use certificate as provided by this section. This section applies to any owner, operator, or proprietor of a bed and breakfast home who holds a valid nonconforming use certificate issued pursuant to this section on the effective date of this ordinance.

~~[(b)]~~ The owner, operator, or proprietor of any bed and breakfast home shall, within nine months of December 28, 1989, establish to the satisfaction of the director that the use was in existence as of December 28, 1989, or shall cease its operation. The owner, operator, or proprietor shall have the burden of proof in establishing that the use is nonconforming. Documentation substantiating existence of a bed and breakfast home as of December 28, 1989 may include



A BILL FOR AN ORDINANCE

~~records of occupancy or tax documents, such as State of Hawaii general excise tax records, transient accommodations tax records, and federal and/or State of Hawaii income tax returns, for the year preceding December 28, 1989. Upon a determination that the use was in existence as of December 28, 1989, the director shall issue a nonconforming use certificate for the bed and breakfast home.~~

~~(c) Failure to obtain a nonconforming use certificate within nine months of December 28, 1989 shall mean that the alleged nonconforming use as of December 28, 1989, is not a bona fide nonconforming use, and shall not continue as a nonconforming use, but shall be treated as an illegal use.]~~

~~[(d)](b)~~ The owner, operator, or proprietor of any bed and breakfast home who has obtained a nonconforming use certificate under this section shall apply to renew the nonconforming use certificate in accordance with the following schedule:

- ~~(1)~~ ~~[between]~~ Between September 1, 2000 and October 15, 2000; then
- ~~(2)~~ ~~[between]~~ Between September 1 and October 15 of every even-numbered year thereafter.

Each application to renew shall include proof that (i) there were in effect a State of Hawaii general excise tax license and transient accommodations tax license for the nonconforming use for each calendar year covered by the nonconforming use certificate being renewed and that there were bed and breakfast occupancies (occupancies of less than 30 days apiece) for a total of at least 28 days during each such year and that (ii) there has been no period of 12 consecutive months during the period covered by the nonconforming use certificate being renewed without a bed and breakfast occupancy. Failure to meet these conditions will result in the denial of the application for renewal of the nonconforming use certificate. The requirement for the 28 days of bed and breakfast occupancies shall be effective on January 1, 1995 and shall apply to renewal applications submitted on or after January 1, 1996.

~~[(e)](c)[Except those bed and breakfast homes which are nonconforming uses, and, after nine months from December 28, 1989, for which a nonconforming use certificate has been issued and renewed, as required, pursuant to this section, bed and breakfast homes are prohibited in all zoning districts.] Section 21-5.350 relating to home occupations shall not apply to bed and breakfast homes.~~



A BILL FOR AN ORDINANCE

~~[(f)]~~(d) Those bed and breakfast homes for which a nonconforming use certificate has been issued and renewed, as required, pursuant to this section shall operate pursuant to the following restrictions and standards:

- (1) Detached dwellings used as bed and breakfast homes shall be occupied by a family and shall not be used as a group living facility. Rooming shall not be permitted in bed and breakfast homes.
- (2) No more than two guest rooms shall be rented to guests, and the maximum number of guests permitted within the bed and breakfast home at any one time shall be four.
- (3) There shall be no exterior signage that advertises or announces that the dwelling is used as a bed and breakfast home.
- (4) One off street parking space shall be provided for each guest room, in addition to the required spaces for the dwelling unit.
- (5) Advertisements for bed and breakfast homes operating under a nonconforming use certificate pursuant to this section are subject to Section 21-2.150-3.

~~[(g)]~~(e) The owner, operator, or proprietor of any bed and breakfast home who has obtained a nonconforming use certificate under this section shall display the certificate issued for the current year in a conspicuous place on the premises."

SECTION 9. Section 21-5.640, Revised Ordinances of Honolulu 1990, is amended to read as follows:

"Sec. 21-5.640 Time sharing and transient vacation units.

(a) Time sharing and transient vacation units ~~[shall be]~~ are permitted in the A-2 medium density apartment zoning district provided:

~~[(a)]~~(1) They are within 3,500 feet of a resort zoning district of greater than 50 contiguous acres; and

~~[(b)]~~(2) The resort district and the A-2 district ~~[shall]~~ have been rezoned pursuant to the same zone change application as part of a master-planned resort community.



A BILL FOR AN ORDINANCE

- (b) This subsection applies to any transient vacation unit subject to subsection (a), or located in the resort district or the resort mixed use precinct of the Waikiki special district. The owner, operator, or proprietor of the transient vacation unit, and any rental agent thereof, shall comply with Section 21-2.150-3, relating to advertisements for transient vacation units."

SECTION 10. Table 21-9.6(A), Revised Ordinances of Honolulu 1990 ("Waikiki Special District Precinct Permitted Uses and Structures"), is amended:

- a. By amending the "transient vacation units" use or structure entry to read as follows:

"

Table 21-9.6(A) Waikiki Special District Precinct Permitted Uses and Structures			
Use or Structure	Precinct		
	Apartment	Resort Mixed Use	Public
Transient vacation units		[P] P/c	

"

- b. By amending the "Ministerial uses" note to the table to read as follows:

"Ministerial uses:

- Ac = Special accessory use. Also see: Article 10, Accessory use; and Section 21-5.330, Home occupations
- P = Permitted principal use
- P/c = Permitted use subject to standards in Article 5
- P9 = Permitted principal use subject to standards enumerated in Article 9; see Section 21-9.80-5(d), 21-9.80-6(d), or 21-9.80-8(d)
- P-AMX = Within the apartment precinct, a permitted principal use only within the apartment mixed use subprecinct"



A BILL FOR AN ORDINANCE

SECTION 11. Chapter 41, Revised Ordinances of Honolulu 1990 ("Regulated Activities Within the City"), is amended by adding a new article to be appropriately designated by the Revisor of Ordinances and to read as follows:

"Article __. Hosting Platforms

Sec. 41-__.1 Definitions.

As used in this article:

"Bed and breakfast home" has the same meaning as defined in Chapter 21, Article 10.

"Booking service" means any reservation or payment service provided by a person that facilitates a transaction between an owner, operator, or proprietor of a bed and breakfast home or transient vacation unit, and a prospective user of that bed and breakfast home or transient vacation unit, and for which the person collects or receives, directly or indirectly through an agent or intermediary, a fee in connection with the reservation or payment services provided for by the transaction.

"Department" means the department of planning and permitting.

"Director" means the director of planning and permitting.

"Hosting platform" means a person that collects or receives a fee for booking services through which an owner, operator, or proprietor of a bed and breakfast home or transient vacation unit may offer use of the bed and breakfast home or transient vacation unit. Hosting platforms typically, but not necessarily, provide booking services through an online platform that allows the owner, operator, or proprietor to advertise the bed and breakfast home or transient vacation unit through a website provided by the hosting platform, and the hosting platform conducts a transaction by which potential users arrange the use of and payment for the bed and breakfast home or transient vacation unit, whether the payment is made directly to the owner, operator, or proprietor, or to the hosting platform.

"Person" means a judicial person or a natural person, and includes businesses, companies, associations, non-profit organizations, firms, partnerships, corporations, limited liability companies, and individuals.

"Transient vacation unit" has the same meaning as defined in Chapter 21, Article 10."



A BILL FOR AN ORDINANCE

Sec. 41-__2 Regulation of hosting platforms.

- (a) A hosting platform may provide and collect a fee for booking services in connection with a bed and breakfast home or transient vacation unit located in the city only when the hosting platform exercises reasonable care to confirm that at the time the booking services are provided, the:

- (1) Transient vacation unit is located in the resort district, resort mixed use district of the Waikiki special district, or A-2 medium density apartment zoning district pursuant to Section 21-5.640;
- (2) Transient vacation unit is operating under a valid nonconforming use certificate pursuant to Section 21-4.110-1; or
- (3) Bed and breakfast home is operating under a valid nonconforming use certificate pursuant to Section 21-4.110-2.

Whenever a hosting platform verifies that the owner, operator, or proprietor of a bed and breakfast home or transient vacation unit is complying with the advertising requirements of Section 21-2.150-3, the hosting platform shall be deemed to have exercised reasonable care for purposes of this subsection.

- (b) Commencing on the fifth day of the month immediately following the effective date of this ordinance, and on the fifth day of every month thereafter, a hosting platform shall provide the department with:
- (1) A signed affidavit verifying that the hosting platform has complied with subsection (a) in the immediately preceding month; and
 - (2) A record of all listings for bed and breakfast homes and transient vacation units in the city for the immediately preceding month.
- (c) For not less than three years following the end of the calendar year in which a hosting platform provides booking services for a bed and breakfast home or transient vacation unit in the city, the hosting platform shall maintain, and upon lawful request, provide to the director or the director's authorized agent the following information for each booking service provided by the hosting platform:
- (1) Name of the owner, operator, or proprietor that offered the use of a bed and breakfast home or transient vacation unit;
 - (2) The address of the bed and breakfast home or transient vacation unit;



A BILL FOR AN ORDINANCE

- (3) The dates for which an occupant procured the use of a bed and breakfast home or transient vacation unit using the booking service provided by the hosting platform;
 - (4) Any applicable nonconforming use certificate number for the bed and breakfast home or transient vacation unit; and
 - (5) The applicable affidavit required in subsection (b).
- (d) The director shall, by rules adopted pursuant to HRS Chapter 91, provide for procedures by which the department shall verify whether a hosting platform is complying with this article.

Sec. 41-___.3 Penalty.

- (a) Criminal prosecution. A hosting platform violating any provision of this article shall, upon conviction, be guilty of a misdemeanor and subject to punishment in accordance with HRS Sections 706-640 and 706-663, as amended.
- (b) Administrative enforcement. In lieu of or in addition to enforcement pursuant to subsection (a), if the director determines that a hosting platform is violating any provision of this article, the violator is subject to the administrative enforcement provisions of Section 21-2.150-2; provided that notwithstanding the civil fines specified in Section 21-2.150-2(b)(1)(C) and 21-2.150-2(b)(1)(D), a violator is subject to a civil fine of not less than \$25,000.00 and not more than \$50,000.000 for each violation, and a civil fine of not less than \$25,000 and not more than \$50,000 for each day the violation persists."

SECTION 12. No later than six months after the effective date of this ordinance, the department shall:

- (1) Establish and implement specific procedures by which the public may submit written or verbal complaints and investigation requests to the department regarding potential violations of applicable laws regarding bed and breakfast homes and transient vacation units. The procedures must include the establishment and staffing of a telephone hotline for verbal complaints and investigation requests from the public;
- (2) Establish and implement specific procedures by which the department investigates public complaints in a timely manner, efficiently obtains evidence pursuant to the investigations, and notifies the complaining parties of the status and results of the investigation; and



A BILL FOR AN ORDINANCE

- (3) Conduct community outreach to educate the public regarding the complaint and investigative process, and publicize the availability of the hotline.

SECTION 13. No later than 10 days after the department receives the monthly reports from hosting platforms pursuant to Section 41-___.2, the department shall prepare and submit a report to the Council showing, by Council district, for the month covered by the corresponding hosting platform reports:

- (1) The total number of bed and breakfast home listings in each district; and
- (2) The total number of transient vacation unit listings in each district.

SECTION 14. In SECTIONS 2 through 10 of this ordinance, ordinance material to be repealed is bracketed and stricken and new material is underscored. When revising, compiling, or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the Revisor of Ordinances need not include the brackets, the material that has been bracketed and stricken, or the underscoring. The Revisor of Ordinances shall, pursuant to the Revisor's authority under ROH Section 1-16.3(b)(1), replace the phrase "effective date of this ordinance" or similar phrase used in the codified language of this ordinance with the actual date on which the ordinance takes effect.

SECTION 15. Severability. If any provision of this ordinance, or the application thereof to any person or circumstances, is held invalid, the invalidity does not affect other provisions or applications of the ordinance that can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are severable.



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL **85 (2018), CD1**

A BILL FOR AN ORDINANCE

SECTION 16. This ordinance takes effect upon its approval.

INTRODUCED BY:

Ron Menor

Joey Manahan

DATE OF INTRODUCTION:

November 15, 2018
Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 20____.

Mayor
City and County of Honolulu